

Message Text

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PAGE 01 JAKART 01131 271013Z

17

ACTION EB-07

INFO OCT-01 EA-07 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 FPC-01 H-02 INR-07 INT-05

L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06 SAM-01

OES-03 SP-02 SS-15 STR-04 TRSE-00 FEA-01 /087 W

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FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 2377

INFO AMEMBASSY BANGKOK

LIMITED OFFICIAL USE JAKARTA 1131

E.O. 11652: N/A

TAGS: ENRG, ID

SUBJECT: THAI-INDONESIAN PETROLEUM DISCUSSIONS

REF: BANGKOK 1428

1. JAKARTA PRESS HAS ALSO CARRIED REPORTS OVER JANUARY 24 WEEKEND INDICATING THAT GOI HAS AGREED TO SELL LARGE AMOUNT CRUDE TO THAILAND AT "FRIENDLY PRICE." ARTICLES MENTIONED THAT INDONESIA WILL BUY ABOUT 50,000 TONS THAI RICE IN EXCHANGE. IN ADDITION, RADIO AUSTRALIA NEWS BROADCAST FRIDAY NIGHT, JANUARY 23, STATED THAT PROF. DR. WIDJOJO NITIASASTRO, CHAIRMAN NATIONAL ECONOMIC DEVELOPMENT BOARD, SIGNED AGREEMENT FOR CRUDE DEAL WITH GOT AT SPECIAL "ASEAN PRICE."

2. EMBASSY CONTACTED SOURCE IN PERTAMINA WHO EMPHATICALLY DENIED THAT ANY AGREEMENT HAD BEEN REACHED. HE INDICATED THAT TIRTO UTOMO, DEPUTY DIRECTOR PERTAMINA'S LEGAL AND FOREIGN MARKETING DIVISION, HAD BEEN IN BANGKOK PAST SEVERAL DAYS HOLDING DISCUSSIONS ABOUT POSSIBLE CRUDE DEAL. HE INFORMED EMBOFF THAT REPORTS OF BARTER DEAL, OIL FOR RICE, WERE ALSO FALSE.

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PAGE 02 JAKART 01131 271013Z

3. SOURCE SAID CHIEF DIFFICULTY IN REACHING AGREEMENT WAS DUE

TO FACT THAT THAIS HAVE APPARENTLY NOT MADE FIRM DECISION ABOUT TYPE OF CRUDE THEY WISH TO BUY. INITIALLY THAIS EXPRESSED INTEREST IN HEAVIER CRUDE IN ORDER TO MAXIMIZE REFINERY GAS/OIL OUTPUT. PERTAMINA PROPOSED CRUDE FROM HANDIL FIELD IN KALIMANTAN. THAIS THEN CHANGED THEIR MINDS AND ASKED ABOUT-BUYING NORTHERN SUMATRAN LIGHT (48 API) WHICH PERTAMINA SAID WAS ALREADY COMMITTED TO ANOTHER BUYER. THAIS ALSO INSISTED IN GETTING INDONESIAN LIGHT CRUDE AT SAME LANDED PRICE AS ARABIAN LIGHT - ROUGHLY DISCOUNT OF \$.75 - \$1.00/BARREL). WHEN QUERIED BY EMBOFF WHETHER "SPECIAL FRIENDSHIP PRICE" WOULD BE INVOLVED, SOURCE INDICATED THIS WOULD REQUIRE DECISION AT "HIGHEST POLITICAL LEVELS" OF GOI. HE IMPLIED FINAL DEAL MIGHT INVOLVE A MIX WITH LIGHER CRUDE (PROBABLY MINAS - 35 API) BEING SOLD AT STANDARD OFFICIAL SELLING PRICE (\$12.80/BARREL) WITH SOME HEAVIER CRUDE BEING SOLD AT "FRIENDSHIP"PRICE.

4. TALKS ARE NOW SUSPENDED AND WILL PROBABLY NOT BE RESUMED UNTIL RETURN OF UTOMO AND PERTAMINA PRESIDENT-DIRECTOR GENERAL IBNU, BOTH OF WHOM ARE OUT OF THE COUNTRY.
NEWSOM

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Margaret P. Grafeld
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